

Message Text

CONFIDENTIAL

PAGE 01 ABU DH 00601 181128Z

46

ACTION NEA-09

INFO OCT-01 ARA-06 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 /087 W

----- 099420

R 180927Z MAR 75

FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC 2717

INFO AMEMBASSY CARACAS

AMEMBASSY ALGIERS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

C O N F I D E N T I A L ABU DHABI 0601

E.O. 11652: GDS

TAGS: ENRG, TC

SUBJ: DISCUSSION WITH UAE FOREIGN MINISTER ON OIL

1. FOREIGN MINISTER SUWAIDI RECEIVED ME MARCH 16 WITH APOLOGIES FOR HAVING BEEN UNAVAILABLE FOR SO LONG BECAUSE OF FOREIGN TRAVELS. WE SPENT NEARLY TWO HOURS TOGETHER VERY CORDIALLY TALKING ABOUT VARIETY OF SUBJECTS. FOCUS OF CONVERSATION ON THIS OCCASION WAS ON OIL, SUBJECT I GENERALLY TAKE UP WITH OTAIBA RATHER THAN FONMIN. HOWEVER, IT IS BECOMING CLEAR THAT SINCE HIS RETURN WITH SHAIKH ZAYID FROM PAKISTAN THREE WEEKS AGO SUWAIDI IS PLAYING KEY ROLE IN DELIBERATIONS NOW GOING ON WITHIN UAEG TO DETERMINE WHAT FUTURE ARRANGEMENTS WILL BE WITH OIL INDUSTRY.

2. I ASKED SUWAIDI FOR HIM IMPRESSIONS OF OPEC SUMMIT. HE SAID UAE WAS QUITE PLEASED WITH RESULT. EXTREMISTS (HE DID NOT NAME THEM) HAD AS USUAL CREATED MINOR FLAPS, BUT SOLID CONSENSUS HAD DEVELOPED AROUND MODERATE VIEWPOINT. THIS WAS IN HARMONY WITH UAE'S BELIEF THAT

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ABU DH 00601 181128Z

OPEC SHOULD SET COURSE FOR ACCOMMODATION RATHER THAN CONFRONTATI,

WITH CONSUMERS. IN THIS RESPECT HE PRAISED SUMMIT'S COMMUNIQUE OF PRINCIPLES AS BEING CONCILIATORY. HE MENTIONED VARIOUS OPEC COMMITTEES THAT HAD BEEN CHARGED WITH PREPARING POSITIONS ON SEVERAL ASPECTS OF ISSUE AS OUTLINED BY SUMMIT, BUT INDICATED UAE WOULD PROBABLY NOT PLAY A ROLE IN THESE PREPARATIONS, LEAVING THIS TO OPEC MEMBERS WHO WOULD ACTUALLY ATTEND PREPARATORY MEETING. I ASKED SUWAIDI IF UAE HAD FORMED POSITION ON SPECIFIC SUBSTANTIVE ISSUES THAT WOULD BE TAKEN UP IN PRODUCER/CONSUMER CONFERENCE, SUCH AS PRICE AND PRODUCTION LEVELS, RECYCLING PROBLEMS, ETC. SUWAIDI REPLIED NEGATIVELY, INDICATING THAT UNLESS POSITIONS WERE ADOPTED THAT DID VIOLENCE TO UAE'S PRINCIPLES, UAE WOULD PROBABLY GO ALONG WITH OPEC CONSENSUS ON THESE POINTS.

3. CONVERSATION THEN TURNED TO GOVERNMENT/COMPANY RELATIONS ON LOCAL SCENE. I TOLD SUWAIDI THAT I HAD GENERALLY NOT SOUGHT TO INVOLVE MYSELF (BEYOND TRYING TO KEEP INFORMED) IN COMPANY/GOVERNMENT DEALINGS BECAUSE IT WAS NOT OUR POLICY TO DO SO. BUT I WANTED TO MAKE A FEW OBSERVATIONS ON THIS OCCASION WHICH, WHILE PERSONAL, I BELIEVED TO BE ON TARGET. UNCERTAINTIES UNDER WHICH OIL COMPANIES HAD BEEN OPERATING PAST YEAR AND A HALF HAD FINALLY RESULTED IN PRECIPITOUS DROP IN PRODUCTION, IN COMPANY RELUCTANCE TO PROCEED WITH DEVELOPMENT PROGRAMS, AND IN CONTINUING IMPASSE IN NEGOTIATIONS FOR ON-SHORE GAS UTILIZATION. THIS IN TURN HAD BEGUN TO INFECT OPERATIONS OF OTHER DEPARTMENTS OF GOVERNMENT, AND DEVELOPMENT PROGRAM GENERALLY IN UAE, ALL OF WHICH DEPENDED ON LEVEL OF OIL REVENUE. PAST EIGHTEEN MONTHS HAD OBVIOUSLY RADICALLY ALTERED GOVERNMENT COMPANY RELATIONSHIP AND GREATLY INCREASED GOVERNMENT OIL INCOME. BUT THERE WAS NOT MUCH FURTHER GOVERNMENT COULD GO IN THIS RESPECT AND IT SEEMED TO ME THAT PRIORITY ITEM, FROM POINT OF VIEW OF UAE'S OWN SELF-INTEREST, WAS NOW TO COME EXPEDITIOUSLY TO AGREEMENT WITH COMPANIES THAT WOULD GIVE THEM SUFFICIENT INCENTIVE TO PROVIDE SERVICES ABU DHABI NEEDED, AND TO STICK WITH THAT DEAL OVER A PERIOD OF YEARS. I SAID ONE COULD BECOME SO INFATUATED WITH THE BARGAINING PROCESS THAT THE OVERALL NATIONAL INTEREST COULD BE ADVERSELY AFFECTED. IN ANY CASE, WHATEVER DEALS VARIOUS GOVERNMENTS IN AREA CAME TO, THEY WOULD NOW ALL BE IN SAME BALLPARK IN TERMS OF GOVERNMENT TAKE. IT WAS TIME UAE MADE UP ITS OWN MIND AS TO WHAT ARRANGEMENTS WERE IN UAE NATIONAL INTERESTS AND STOPPED WORRYING SO MUCH

CONFIDENTIAL

PAGE 03 ABU DH 00601 181128Z

ABOUT WHAT ITS NEIGHBORS WERE DOING.

4. SUWAIDI SAID HE PERSONALLY AGREED WITH SEVERAL POINTS I HAD MADE. HE HOPED THAT AT LAST GOVERNMENT WAS COMING TO GRIPS WITH PROBLEM. HE SAID FOLLOWING DAY (MARCH 16) "CRITICAL" MEETING WAS TO BE HELD ON SUBJECT TO COME TO BASIC DECISIONS ABOUT FUTURE GOVERNMENT/COMPANY RELATIONS. HE INDICATED THERE WERE SERIOUS DIFFERENCES WITHIN ABU DHABI GOVERNMENT THAT WOULD HAVE TO BE

THRASHED OUT. SUWAIDI DID NOT SAY (AS ALI SHURAFU CLAIMED FEW DAYS
AGO) THAT SHAIKH ZAYID HAD ALREADY DECIDED IN FAVOR OF CONTINUING
60/40 RELATIONSHIP. THIS MAY BE THE CASE, BUT TENOR OF SUWAIDI'S
COMMENTS WAS THAT FINAL DECISION HAS YET TO BE MADE.
STERNER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, DIPLOMATIC DISCUSSIONS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: johnsorg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ABUDH00601
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750094-0235
From: ABU DHABI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750342/aaaablottel
Line Count: 120
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: johnsorg
Review Comment: n/a
Review Content Flags:
Review Date: 29 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 JUL 2003 by ShawDG>; APPROVED <24 NOV 2003 by johnsorg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DISCUSSION WITH UAE FOREIGN MINISTER ON OIL
TAGS: ENRG, TC, OPEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006